

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

**BEFORE THE**

**BOARD OF PATENT APPEALS AND INTERFERENCES**

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**Jeremy THALER et al. - Appellants**

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<b>APPELLANT:</b>	<b>Jeremy THALER et al.</b>	<b>GROUP:</b>	<b>1794</b>
<b>APPLICATION:</b>	<b>10/705,657</b>	<b>EXAMINER:</b>	<b>H. Pratt</b>
<b>FILED:</b>	<b>November 10, 2003</b>	<b>CONFIRMATION:</b>	<b>6140</b>
<b>FOR:</b>	<b>PEANUT BUTTER WITH AN ORGANIC STABILIZER AND METHOD FOR MANUFACTURE THEREOF</b>		

**APPELLANTS' SECOND REPLY BRIEF**

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**1.     STATUS OF CLAIMS:**

Claims 2 and 21 are canceled.

Claims 1, 3-20 and 22-24 remain in the application and are rejected.

The rejections of claims 1, 3-20 and 22-24 are appealed herein.

## 2. GROUNDS OF REJECTION TO BE REVIEWED ON APPEAL:

Appellants respectfully submit that in view of the Examiner's Supplemental Answer of July 23, 2009, the grounds for rejection upon which this appeal is based remain unclear, or in the alternative that previously withdrawn and new grounds of rejection have now been set forth. The grounds for rejection set forth in the Supplemental Examiner's Answer are inconsistent with those in the Office Action of August 2008<sup>1</sup>, from which the instant Appeal was initiated. More specifically, the grounds for rejection presently set forth in the Supplemental Examiner's Answer (July 23, 2009) now include: (a) the removal of Baileys ("Bailey's Industrial Oil and Fat Products," Vol. 106, 6<sup>th</sup> Ed., John Wiley & Sons, © 2005 (release date Dec. 7, 2006), pp. 168-170) from the rejection of claims 1, 10, 12-18, 20 and 22-23 and the rejection of claims 1, 3-8, 10, 12-18, 20 and 22-23; and (b) the addition of Liu (Liu et al.; 6,982,101) to the rejection of claims 9, 11, 19 and 24.

In view of the Examiner's Supplemental Answer, the grounds for rejection no longer remain as set forth in the non-final Office Action of August 22, 2008, and are now believed to be as follows:<sup>2</sup>

Claims 1, 10, 12-18, 20 and 22-23 were rejected under 35 USC §103(a) as being unpatentable over Liu et al. (6,982,101; Liu) in view of Hinds et al. (Unhydrogenated Palm Oil as a Stabilizer for Peanut Butter; hereinafter Hinds) and Harris et al..(2,560,509; Harris).

Claims 1, 3-8, 10, 12-18, 20 and 22-23 were rejected under 35 USC §103(a) as being unpatentable over Hinds.

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<sup>1</sup> Pursuant to the Supplement sent March 25, 2009 (p. 2, line 1), the Examiner acknowledged that the Examiner's Answer was inconsistent with the rejections set forth in the non-final rejection dated August 22, 2008.

<sup>2</sup> Notably, the Examiner's Supplemental Answer, at p. 3 (Sect. 6) still acknowledges that Appellants' statement of the grounds for rejection is correct. Such a statement by the Examiner, as noted above, remains incorrect because the rejections in the Office Action of August 22, 2008 are not those that are presently set forth by the Examiner in the Supplemental Examiner's Answer of July 23, 2009.

Claims 9, 11, 19 and 24 were rejected under 35 USC §103(a) as being unpatentable over Liu in view of Hinds et al., (Unhydrogentated Palm Oil as a Stabilizer for Peanut Butter) and Harris et al. (2,560, 509) as applied to claims 1, 10, 12-18 and 20 and 22-23, and further in view of Krisinski et al. (4,143,176; Krisinski).

### 3. ARGUMENT:

*A. The Examiner has, in the rejections set forth in the Supplemental Examiner's Answer (July 23, 2009), now set forth both previously withdrawn rejections as well as a new (albeit incomplete) ground for rejection.*

The following is a summary of Appellants' further arguments in support of withdrawal of this matter and allowance of the claims, or at least a reversal of the rejections by the Board:

(I) Examiner's Answer contains Grounds for Rejection Previously Withdrawn by Pre-Appeal Brief Conferees

Appellants respectfully direct the Board's attention to the prosecution history for this application. In particular, the Final Office Action dated Jan. 23, 2008, the subsequent Notice of Appeal and Pre-Appeal Conference Request, and the Panel Decision (July 31, 2008) clearly indicated that the rejections were withdrawn and that a new office action would be forthcoming. In order to preserve Appellants' rights during this appeal, substantive responses to the first two rejections have been set forth below, but as an initial matter Appellants' respectfully contend that the rejections have already been considered and withdrawn by the Pre-Appeal conferees, and the Board is urged to take the same action and to *collaterally estop* the Examiner from reasserting, during appeal, rejections previously withdrawn as directed by the conferees.

The first two rejections set forth in the Supplemental Examiner's Answer are the same as those set forth in the Final Office Action of January 2008, which were withdrawn by the Pre-Appeal conferees. Specifically, the rejections of claims 1, 10, 12-18, 20 and 22-23 (first rejection) and 1, 3-8, 10, 12-18, 20 and 22-23 (second rejection) were withdrawn by the Pre-Appeal Conference Panel (see Panel Decision dated July 31, 2008) in response to Appellants arguments. Thus the first two sets of rejections have been overcome during prosecution and are not properly reasserted in the middle of this appeal.

## (II) Incomplete New Grounds for Rejection

The Supplemental Examiner's Answer purports to include a new ground of rejection as set forth beginning at p. 11 thereof (rejection appears at p. 12). The basis for the rejection of claims 9, 11, 19 and 24 is under 35 USC §103(a) as being unpatentable over Liu, Hinds and Harris as applied to claims 1, 10, 12-18 and 20 and 22-23, and further in view of Krisinski. Appellants respectfully contend that the rejection is incomplete for two reasons: (1) the rejection is directed solely to dependent claims and refers to or relies upon a rejection that was previously traversed and withdrawn by the Pre-Appeal conferees; and (2) the rejection fails to establish *prima facie* obviousness as the Examiner has not set forth in the rejection where the limitations of all of the dependent claim limitations are taught by the references relied upon.

### *B. Arguments Traversing Rejections in Supplemental Examiner's Amendment Dated July 23, 2009*

Appellants respectfully urge, as previously set forth in the Appeal Brief filed Oct. 20, 2008 (corrected Nov. 26, 2008) and the Reply Brief filed Apr. 6, 2009, that the pending claims are in condition for allowance. Specific arguments in traversal of the rejections of both independent and dependent claims are set forth below and the Board is requested to not consider those dependent claims specifically set forth below as standing or falling with the independent claims, but to consider such dependent claims based upon their own merits.

The following is a summary of Appellants arguments set forth in traversal of the rejections included in the Supplemental Examiner's Answer:

I. Relative to the rejection of claims 1, 10, 12-18, 20 and 22-23, Appellants maintain that the rejection of claims under 35 USC §103(a) as being unpatentable over Liu in view of Hinds and Harris is improper as it: (a) improperly combines at least two documents that teach away from one another and from the claimed invention; and (b) fails to set forth *prima facie* obviousness, as the rejection omits elements recited in the rejected claims.

II. With regard to the rejection of claims 1, 3-8, 10, 12-18, 20 and 22-23, Appellants respectfully maintain that the rejection under 35 USC §103(a) as being

unpatentable over Hinds is improper as it: (a) fails to establish *prima facie* obviousness and provide articulated reasoning and rational underpinning to support the legal conclusion of obviousness for the rejection of claims; and (b) fails to disclose or describe the use of the recited palm stearin oil, the hardest fraction of palm oil, or the specific amounts set forth in the independent claims.

III. With regard to the rejection of claims 9, 11, 19 and 24 under 35 USC §103(a) as being unpatentable over Liu, Hinds and Harris, *as applied to claims 1, 10, 12-18 and 20 and 22-23*, and further in view of Krisinski, Appellants respectfully maintain the arguments above relative to claims 1, 10, 12-18, 20 and 22-23, and further urge that the rejection is improper as it: (a) improperly combines at least two documents that teach away from one another and from the claimed invention; and (b) continues to rely upon a reference not included as the basis for the prior rejection that is referenced.

Appellants further note that the Examiner's apparent removal of Baileys (Bailey's Industrial Oil and Fat Products," Vol. 106, 6<sup>th</sup> Ed., John Wiley & Sons, © 2005 (release date Dec. 7, 2006), pp. 168-170)) from the rejections, although not expressly acknowledged, affirms Appellants' prior arguments that Baileys is not properly relied upon as the basis for a rejection. Nonetheless, in spite of the Examiner's continued assertions that Baileys is no longer relied upon, the Examiner still refers to Baileys in the arguments (see e.g., Supplemental Examiner's Answer, p. 14; top).

### *C. Appellants Arguments in Traversal of the Current Rejections*

Further to Appellants arguments submitted in the Appeal Brief and prior Reply Brief, the following arguments are intended to be responsive to the Supplemental Examiner's Answer, and are Appellants' attempt to respond to the grounds for rejection set forth therein.

Appellants submit these arguments so as to be fully responsive in this Appeal, but in doing so respectfully urge that the Board consider the entire prosecution history of this application and consider the various arguments that were previously accepted with regard to several rejections that have now been reasserted.

Appellants respectfully submit that the rejections of claims 1, 10, 12-18, 20 and 22-23 (first rejection) and 1, 3-8, 10, 12-18, 20 and 22-23 (second rejection) are the same



as those previously made of record and set forth, for example, in the Final Office Action dated Jan. 23, 2008. Those rejections were withdrawn in response to Appellants' request for a Pre-Appeal Conference dated June 18, 2008, the arguments submitted therewith being respectfully incorporated herein by reference.

Claims 1, 10, 12-18 and 20 and 22-23 are rejected under 35 USC §103(a) as being unpatentable over Liu in view of Hinds and Harris. Claims 1, 3-8, 10, 12-18, 20 and 22-23 were rejected under 35 USC §103(a) as being unpatentable over Hinds. Claims 9, 11, 19 and 24 are now rejected under 35 USC §103(a) as being unpatentable over Liu in view of Hinds and Harris and further in view of Krisinski.

#### I. Claims 1, 10, 12-18 and 20 and 22-23

Claims 1, 10, 12-18 and 20 and 22-23 were rejected under 35 USC §103(a) as being unpatentable over Liu in view of Hinds and Harris. Appellants respectfully submit that the rejection fails to expressly set forth a basis for the alleged combination/modification of Liu, Hinds and Harris. Absent any articulated reasoning as the basis for the combination/modification, the combination is urged as improper and that *prima facie* obviousness has not been established.

Considering the combination, *in arguendo*, Appellants continue to understand Liu as teaching away from the present invention as it is directed to nut butter spreads and as the Examiner notes, does not teach "at least about 90wt% organically grown, dry-roasted, ground peanuts." While describing steps for making spreads, Liu specifically states that peanut oil is the preferred edible oil for peanut butter (col. 3, lines 9-10), and suggests that a "sweetening composition" be added to nut pastes (col. 3, lines 35-36). The sweetening composition described by Liu preferably includes a stabilizer to prevent oil separation between the solid and edible oil phases (col. 3, lines 65-67), thus one of ordinary skill in the art reading the patent in context would understand that the sweetening composition includes stabilizers.<sup>3</sup> The stabilizers are described by Liu as "hydrogenated vegetable oils and their derivatives"

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<sup>3</sup> The Examiner continues to maintain, at p. 13 of the Supplemental Examiner's Answer, that claims 10-14 and 50-52 of Liu do not require a stabilizer. Appellants respectfully contend that this is an erroneous interpretation of the teachings of Liu and ignores the clear teaching of a sweetening composition by Liu at col. 3, lines 65-67 that the sweetening composition preferably includes a stabilizer to prevent separation, and the recitation of the sweetening composition in the independent claims from which claims 10-14 and 50-52 depend.

(col. 4, line 1).

Appellants respectfully urge that the teaching in Liu is contrary to the present invention which is intended to provide an organic, non-hydrogenated peanut butter, not a spread that includes peanut oil and hydrogenated stabilizers, and thereby teaches away from the present invention and those additional references urged as the basis for the rejection.

Appellants also maintain that the Examiner mischaracterizes Liu's teaching of "at least one stabilizer" in a total amount up to 3 - 4wt% (see e.g., col. 2, lines 3-25) as no stabilizer being present. Liu clearly teaches the use of hydrogenated stabilizers. The Examiner's reference to the method set out at the bottom of col. 1, while not expressly teaching the addition of a stabilizer as a step, does teach addition of a "sweetening composition" – which, as noted above, is set forth at col. 3, line 65 as "preferably also includes a stabilizer to prevent separation ..."

Appellants also urge, in the alternative, that Liu may be considered indicia that Appellants' organic peanut butter, achieved using a non-hydrogenated organic oil to prevent separation, was contrary to the accepted wisdom of those skilled in the art. Thus, not only does Liu fail to teach the recited claim limitations, but it teaches away from the claimed invention by indicating a preference for the use of hydrogenated vegetable oil stabilizers and their derivatives (col. 4, line 1).

Liu also fails to teach about 5wt% to about 7wt% of a non-hydrogenated organic palm stearin oil as is set forth in the rejected independent claims. The Examiner urges that this limitation is taught by Liu's suggestion of the use of palm oil, but Appellants maintain that even if palm oil is taught, the specific type and amount of the oil required to achieve the results set forth (e.g., an organic peanut butter that has a fat concentration below 55wt% and is resistant to separation) is not disclosed by Liu.<sup>4</sup> Absent a teaching or demonstration that all of the recited limitations were available to one of skill in the art, the rejection must fail.

As to the Examiner's continued assertion that the "problem" of oil separation is

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<sup>4</sup> As to the statement at p. 13 of the Supplemental Examiner's Answer, that nothing has been shown to prove Liu would separate without a stabilizer, Appellants respond that in the prior paragraph, the Examiner indicated Liu had the "same problem." Appellants again pose the question, "why Liu would have added a stabilizer (in the sweetening composition) if it wasn't needed?"

notoriously old and “the inventors in the Liu patent would have been aware of this problem and would have adjusted their ingredients accordingly” (Supp. Ex. Answer, p. 13), this statement incorrectly presumes that separation is a problem and further supports Appellants’ position above that Liu did address separation by indicating a preference for the use of hydrogenated vegetable oil stabilizers and their derivatives at col. 4, line 1.

As further noted above, the Examiner’s arguments at pp. 13-14 continue to refer to the disclosure of Liu “in view of Baileys” with respect to palm oil stearin and predictable results. Absent identification of such teachings in Liu alone, it appears that the Examiner, while having dropped reference to Baileys from the statement of the rejection itself, nonetheless continues to apply the teachings of Baileys in support of the rejection. Appellants maintain that this is an improper use of a document that has been withdrawn from the rejection.

The rejection also appears to rely on the teachings of Hinds, and urges that Hinds teaches the use of the recited 5 - 7wt% organic, non-hydrogenated palm stearin oil. Again, Appellants question what basis the Examiner relies upon for the alleged combination, other than the rejected claims themselves. Absent an indication for the motivation to combine the teachings of Liu and Hinds, it would appear that Appellants’ claims have been used as a “recipe” from which teachings of various documents have been selectively extracted and combined to meet the claim limitations.

While Hinds describes testing of unhydrogenated palm oil, it does not teach or suggest the levels recited in the rejected claims. In fact, Hinds suggests that 2.0 - 2.5% palm oil is adequate to effectively stabilize peanut butter.<sup>5</sup> Accordingly, Hinds fails to disclose or describe the use of the recited palm stearin oil, the hardest fraction of palm oil. Appellants also continue to urge that Hinds teaches away from the recited limitations of independent claims 1 and 12, as it specifically teaches that a lower percentage of a palm oil should be used. The Examiner suggests that the claimed percentages could be arrived at with little routine experimentation. This is

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<sup>5</sup> As the Examiner further notes, Hinds sets out the fatty acid composition of RBD palm oil at the bottom of col. 1 on p. 816, where the percentage of stearic fatty acid (C18:0) is 4-5.5%. Multiplied by 2.5 – 3% palm oil would appear to indicate that Hinds teaches only a fraction of a percent of stearic fatty acids.

not believed to be the standard of obviousness, and Hinds clearly arrived at, and recommended, a palm oil percentage that is significantly lower than the palm stearin oil recited in the claims. Hence the Examiner's assertion would appear to be contradicted by Hinds.

Lastly, Harris is apparently added to the arguable combination of Liu and Hinds. Harris is suggested to teach that sugar and polyglycerols can be melted and used in the making of peanut butter. While Harris does teach the use of small portions of partial esters of polyglycerol (col. 3, lines 43-49), the "indicated" esters of the polyglycerols are "derived from normally solid higher molecular weight fatty acids or mixtures of fatty acids, such as palmitic acid, hydroxy-stearic acid, stearic acid, mixtures thereof, so called 'triple-pressed stearic acid' and the like. ... [m]ixtures comprising from about 40 to 50% of stearic acid and the remainder largely palmitic acid ... are very satisfactory sources of fatty acids" (col. 3, lines 28-42), and it is not clear that this teaching gives rise to the limitations set forth in independent claims 1 or 12. Nor has the Examiner alleged that to be the situation. Rather, Harris is again used to conclude that one might be motivated to experiment and try unhydrogenated palm oil that contains stearic acid. Absent that suggestion, however, it appears that the rejection remains largely based upon the Examiner's unsupported opinion rather than specific teachings of the documents themselves.

Furthermore, the dependent claims are believed to be allowable for the reasons set forth for the independent claims. As previously noted, however, the Examiner appears to have taken "official notice" with respect to several limitations (e.g., "[adding oil in mill] has to have been done in order for peanuts to have been ground..."; "reference is silent as to heating the oil") and asserts that the limitations recited in the claims are not new or would have to have been done, etc. Appellants urge that such conclusory statements also fail to meet the burden of *prima facie* obviousness. Relative to dependent **claim 13**, for example, the claim sets forth specifics as to where and how the combining occurs – specifics that are not believed to be taught by Liu or other documents relied upon in the rejection. The same holds true for **claims 14 and 15** relative to preheating the oil. Absent specific teachings of any such limitations by the alleged combination, as acknowledged by the Examiner, the Examiner nonetheless suggests that such limitations would have been obvious absent Appellants showing of unexpected results. It is respectfully submitted that the

Examiner has not established a *prima facie* rejection to which Appellants must respond. Nonetheless, for purposes of completeness, Appellants would offer that aspects of claims 13-15, for example, certainly could impact the quality and processing of the peanut butter.

Other dependent claims, for example **claim 20**, do not appear to have their specific limitations set forth in the rejection, albeit the Examiner appears to be taking "official notice" of such limitations. Again, the Board is respectfully requested to reverse the Examiner's rejection of such claims unless or until the Examiner demonstrates where such a teaching is found in a reference made of record in the rejection. Accordingly, the limitations of the dependent claims are also respectfully traversed to the extent the Examiner has not set forth a teaching of such limitations in the documents relied upon for the rejection.

In view of the incomplete rejection based upon, and the arguable combination of, Liu, Hinds and Harris, and in the alternative, the lack of teaching of specific limitations set forth in the independent and dependent claims, Appellants' respectfully request that the Board reverse the rejections relative to independent claims 1 and 12, as well as claims dependent therefrom.

## II. Claims 1, 3-8, 10, 12-18, 20 and 22-23

Claims 1, 3-8, 10, 12-18, 20 and 22-23 are now apparently rejected under 35 USC §103(a) as being unpatentable over Hinds alone. In setting forth a rejection under 35 USC §103(a) of claims 1 and 12 based upon Hinds, the Examiner acknowledges that Hinds fails to teach all of the limitations set forth in the independent claims. For example, the Examiner acknowledges that Hinds fails to teach the limitation of about 5wt% to about 7wt% of a non-hydrogenated organic palm stearin oil. The Examiner then concludes that no patentable distinction exists between the teachings of Hinds and the recited range of non-hydrogenated organic palm stearin oil. This is contrary to the statement by Hinds that "[p]eanut butter containing 3% palm oil would be unstable (Fig. 1c)" (p. 819; col. 2, 2<sup>nd</sup> para., last sentence), and "the maximum palm oil should be 2.5%, but the most stable products would contain 2.0-2.1% palm oil (Fig. 2b)" (p. 819; col. 2, 3<sup>rd</sup> para., lines 4-6).

Moreover, while the Examiner has urged in the rejection that there is no criticality as

to the amount of oil, or in the alternative that “no patentable distinction is seen at this time between the use of 4% oil and 5% oil,” Appellants note that Hinds itself clearly characterizes a preference for less oil. Hinds indicates instability with a 3% oil level. Accordingly, Appellants continue to maintain that not only does Hinds fail to disclose or describe the use of the recited palm stearin oil, the hardest fraction of palm oil, it also fails to disclose the specific amounts of oil set forth in the independent claims.

Furthermore, the Examiner’s assertions that “it would have been obvious to add a little more oil for its known function” appears to be inconsistent with the teachings set forth in Hinds at p. 819, as noted above. Hinds also demonstrates that tenths of a percent of oil concentration are discernable. Thus, not only does Hinds not teach the claimed limitations, but it contradicts the Examiner’s position in several regards. In view of the lack of teaching of the various limitations of claims 1 and 12, and claims dependent therefrom, Appellants maintain that the rejected claims are patentably distinguishable over Hinds, and reversal of the rejection is requested.

In light of the failure of Hinds to teach the limitations of the independent claims, the dependent claims are similarly believed to be patentable. The specific limitations of preheated oil as in **claim 4**, for example, are not set forth in Hinds. Nor are the limitations of the various dependent method claims, such as **claims 13 – 15**, identified as being set forth in particular in Hinds. Rather, the Examiner again urges that “nothing new is seen” as the basis for rejecting claims where the limitations are not found in the cited document. Absent a teaching of the claim limitations, however, Appellants respectfully contend that *prima facie* obviousness has not been established where the cited limitation is not found within Hinds. Appellants respectfully request that the Board reverse the rejection of claims 1, 3-8, 10, 12-18, 20 and 22-23 over Hinds.

### III. Claims 9, 11, 19 and 24

Claims 9, 11, 19 and 24 are now rejected under 35 USC §103(a) as being unpatentable over Liu in view of Hinds and Harris and further in view of Krisinski. Appellants further incorporate the arguments set forth above relative to Liu, Hinds, Harris and submit that the Examiner has not, other than using the rejected claims as a “recipe,” established a basis for the alleged combination. And, the teachings of Krisinski, largely directed to processing of peanut skins, fail to set forth the specific

limitations of the rejected claims.

Appellants urge that the teachings of Krisinski on processing of peanut skins fails to set forth the limitations of the independent claims, or specific limitations of claims 9 and 11. While Krisinski does teach the addition of skins, only a 50-60% portion of the germ is indicated as desirable. This is in contrast to the recited limitation in claims 9 and 19 that "substantially all" of the peanut germ is returned and included. Appellants continue to maintain that the limitations of claims 9 and 19 are not taught as 50-60% is not believed to include substantially all as required by the claims. Krisinski indicates (col. 2, lines 25-41) that the addition of skins and germ required the additional step of homogenization to reduce undesirable characteristics, and that homogenization caused a loss of flavor volatiles. Thus, Krisinski not only fails to teach the recited limitation of returning substantially all peanut germ separated from the peanuts during blanching as set forth in claims 9 and 19, but would seem to teach away from such amounts as potentially requiring further processing such as homogenization to reduce undesirable characteristics.

In view of the failure to properly establish a basis for the proposed combination, or to address the noted distinctions, Appellants respectfully request the Board to reverse the Examiner's rejection of claims 9, 11, 19 and 24.

In light of the supplemental and alternative arguments set forth herein in response to the Supplemental Examiner's Answer, Appellants respectfully continue to urge that all of the rejections set forth should be reversed, and that Appellants' pending claims should be indicated as allowable.

Respectfully submitted,  
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